

# FEDERAL SUPERVISORS and POOR PERFORMERS

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THE CHAIRMAN



U.S. MERIT SYSTEMS PROTECTION BOARD  
1120 Vermont Avenue, N.W.  
Washington, D.C. 20419

July 1999

The President  
President of the Senate  
Speaker of the House of Representatives

Sirs:

It is my honor to submit this Merit Systems Protection Board report, *Federal Supervisors and Poor Performers*, in accordance with the requirements of 5 U.S.C. 1204(a)(3).

This is the second in our "Perspectives" series, which represents an approach somewhat different from our other MSPB studies. The purpose of this approach is to examine human resources issues from the broad viewpoint provided by the Board's growing body of research. This report derives its conclusions from our research on Federal supervisors and performance issues reaching back 18 years, rather than relying exclusively on the data collected specifically for this project.

The report looks at the prevalence of poor performance in the Federal workplace from the perspective of employees and supervisors who have responded to various MSPB surveys. In addition, the report examines what supervisors do about poor performers, the effects of supervisors' actions, and the factors that influence supervisors' decisions about how they will handle inadequate performance.

The report agrees with other recent research which finds that the percentage of the federal workforce that falls into the poor performer category is relatively small. The report notes, however, that if not dealt with effectively, poor performers can have a negative impact much larger than their numbers would suggest. In that regard, we also note the persistence of a widely-held perception among federal employees that whatever is being done about the small percentage of poor performers, it is not enough.

Finally, the report offers several suggestions for agency leaders which may, in time, lead to more effective handling—or better yet, prevention—of performance problems. We trust that you will find this report useful as you consider ways to ensure the continuing effectiveness of the Federal civil service.

Respectfully,

Ben L. Erdreich

## **U.S. Merit Systems Protection Board**

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# Federal Supervisors and Poor Performers

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## ***Perspectives:***

### **Federal Supervisors and Poor Performers**

*After literally decades of research, discussion, and debate about poor performers—not to mention 20 years of experience under civil service reform legislation specifically designed to improve the situation—there remains a widely-held perception that the Federal Government is not doing enough to deal appropriately with Federal employees who do not do their jobs adequately. Often implied in this perception is the notion that there is an unacceptably large proportion of the workforce who fall into the “poor performer” category. However, evidence to support this contention is lacking, and it is fair to ask whether the prevailing perceptions are an accurate reflection of reality. Regardless of the actual number of poor performers, however, a consensus has formed over time on two issues. One, even a relatively small percentage of poor performers can have a disproportionately large and negative effect on an organization. Secondly, Federal departments and agencies do not do a good enough job of confronting and resolving individual instances of poor performance.*

*This report addresses those issues in the context of how Federal supervisors respond when faced with employees whose performance is unacceptable, and it offers agency leaders several suggestions to encourage more effective actions in addressing and preventing unsatisfactory employee performance. The report is the second in the U.S. Merit Systems Protection Board’s “Perspectives” series, which examines human resources issues from the broad viewpoint provided by the Board’s body of research conducted over the past 18 years.*

### **Executive Summary**

The Federal Government employs over 1.8 million executive branch employees, most of whom are good performers, many of whom are outstanding. As with any sizable group of workers, however, it is inevitable that there also are employees whose job performance is poor. How large a portion of the workforce is made up of poor performers has been an issue under study and open to debate. There is no evidence suggesting that the number of poor performers in the Federal service is large or that incompetence among Federal workers is a critical problem. The information available presents a picture of a Federal workforce with a relatively small percentage of poor performers, and Federal employees who are, in general, highly regarded by supervisors and colleagues alike. In fact, based on its recent study of the experiences of Federal supervisors (“Poor Performers in Govern-

ment: A Quest for the True Story”), the U.S. Office of Personnel Management (OPM) estimates that poor performers make up only 3.7 percent of the Federal workforce.

There is also no evidence that the relatively small number of formal removals and demotions that occur annually in the executive branch is a sign of something radically amiss in the Government’s response to performance problems. Not only does the percentage of poor performers not seem to warrant a large number of such actions, but also, rehabilitation of poorly performing employees is a logical and desirable first choice for supervisors who are dealing with unacceptable performance—removal is, arguably, the option of last resort. The resolution of performance problems by means other than removal is preferable to formal dis-

missal, and these other means are the ones most commonly used by Federal supervisors. Indeed, OPM's recent research suggests that perhaps half of the employees who are performing unacceptably can be rehabilitated.

Nevertheless, in those cases in which performance has been clearly and seriously inadequate—perhaps deserving of dismissal—the Federal Government historically has not been disposed towards dealing with the deficient employees by demoting them or removing them from their jobs. Although Congress attempted to influence this situation in 1978 by revising legal and procedural requirements to make it easier to demote or fire workers whose performance is unacceptable, removing or demoting inadequate performers still remains relatively rare in the civil service.

Our analysis of the situation suggests that among the factors that inhibit such forceful action in cases of unacceptable performance, the more influential may be not the systems and procedures the law permits or requires in addressing performance issues, so much as the human relations factors and the corporate cultures that influence how Federal supervisors and Federal agencies operate. Formal, informal, spoken, and unspoken incentives and disincentives drive agency decisions and actions regarding poor performers. These factors in the corporate culture often do little to encourage removal of workers who do not perform acceptably and cannot be rehabilitated. The result has been a general reluctance on the part of supervisors to deal aggressively with serious performance deficiencies.

Our findings can be summarized as follows:

- Perceptions don't always mirror reality. The percentage of Federal executive branch workers whose performance is unacceptable is very low, and those who do not perform adequately often can be rehabilitated. The Government's measure of success in dealing with performance problems is not and should not be simply the number of employees it fires.
- Rather than ignoring poor performance, most Federal supervisors who face this problem do

take some type of action to deal with it. These actions are usually informal ones such as counseling or coaching, with actions such as removal reserved as a last resort. However, Federal employee surveys and other indicators over at least the last 18 years suggest that most employees, including supervisors themselves, judge the response to poor performance to be inadequate.

- While it is popular to blame failures in performance management on either inadequate supervisors or the Government's system for dealing with poor performers, the problem is actually much more complicated. It is influenced by a number of interrelated factors in addition to the law and regulations, among them organizational cultures, top management's level of support for supervisors' performance proposals and decisions, how the Government selects employees, and the factors that are emphasized in selecting supervisors.

- Because there are multiple, interrelated factors that affect the way the Government handles poor performers, addressing a single factor—rewriting the law or demanding that supervisors “get tough,” for example—will not solve the problems, real or perceived, that the performance management system faces. A multifaceted approach geared to the complex nature and true extent of the problem is needed.

Based on the body of research developed by MSPB, Federal policy officials and others with an interest in developing a more effective response to the issue of poor performers should consider the following recommendations:

**1. Federal agencies need to do a better job of selecting people for supervisory jobs who have an aptitude for the human relations aspects of supervisory work.**

This seems self-evident, and many agency selecting officials undoubtedly believe they are already doing this. But choosing the right supervisors cannot really be done without accurately identifying the special aptitudes needed, and devising recruitment, examination, and selection methods specifically

with those special characteristics in mind. In order to achieve these objectives, agencies need to devote adequate human and financial resources to the task, and should evaluate regularly their supervisory placements and the effects and effectiveness of supervisory training.

**2. Agency leaders should assess the organization's internal environment to make sure that they have not inadvertently created incentives and disincentives that result in poor performance being tolerated by supervisors.**

Do supervisors' own performance appraisals reflect accurately how they handle performance problems? Are supervisors given support in dealing with unacceptable employees; for example, does agency management actively encourage supervisors to take appropriate action, or offer assistance with outplacement or reassignment of poor performers? Is it commonly believed that the interpersonal communications aspects of supervisory work are a distraction from the "real" (technical) duties of supervisors in the agency? Or are supervisors rewarded for excellence in their people-management skills?

**3. Agencies should not embellish the systems and procedures the law requires in ways that make it more burdensome to take action against poor performers.**

There are aspects of the Government's performance management system that reflect the employee protections inherent in the merit system. System features such as due process and evidentiary rules are unavoidable. But in going beyond what is required by law, regulation, and the refinements of case law, agencies can create barriers that deter supervisors from handling poor performance effectively and that detract from, rather than aid, the functioning of the system. Managers and supervisors should be assured ready access to practical help in managing performance, but that help should not take the form of excessive requirements. Agencies should examine the specifics in their internal processes and procedures that might make managing poor performers more difficult, and should look for places to expedite the process.

**4. In partnership with their employees, agencies should develop innovations or modifications to current procedures to avoid more costly, time-consuming, and potentially disruptive formal actions.**

It stands to reason that all employees have an important stake in ensuring that performance problems are resolved. That being the case, agencies should consider inviting the participation of unions and other employee and management organizations in identifying agency-specific processes or procedures that can resolve employee performance problems at the earliest possible moment. Agencies should explore approaches that preserve amicable relationships between management and problem employees, and that use techniques such as alternative dispute resolution to arrive at win-win solutions. Expansion of the tools and techniques available for this purpose should be a major objective.

**5. In order to prevent or minimize performance problems, agencies should examine the methods they are using to select nonsupervisory employees and the degree to which those methods result in good matches of people and jobs.**

Poor performance is a problem in which poor selection methods are complicit. Poor performance may not always be solely the fault of the inadequate performer, but may also involve selecting officials who do not make good selections or who put people in jobs that are wrong for them. Poor performance also may be the result of the methods used to recruit, examine, and select candidates. Agencies need to seriously examine the way they assign people to jobs. They need to devote resources to finding ways to assess job candidates that permit a good fit between worker and work; they need to evaluate how well they accomplish these tasks; and they need to adjust their methods accordingly. An investment in the "ounce of prevention" will more than pay for itself in avoiding the costs associated with firing or tolerating unacceptable employees, and it also can help to avoid the poor job matches that produce those borderline employees who do not contribute much but are not candidates for dismissal.



## Introduction

Employees should be retained on the basis of the adequacy of their performance, inadequate performance should be corrected, and employees should be separated who cannot or will not improve their performance to meet required standards.

*Sixth Merit System Principle, 5 U.S.C. 2301(b)(6)*

There is a powerful piece of conventional wisdom that holds that Federal supervisors do not observe this sixth merit principle very well—that they tend not to address the problem of poor performers in their work units, and that when they do deal with poor performers their actions lack force and effectiveness. An equally powerful tradition maintains that Government regulations and procedures make it too difficult to fire poor performers. As is often the case with conventional wisdom, there is both truth and error in these beliefs. The fact is, most supervisors do act in response to poor performance, but usually in an informal way that avoids adversarial postures. And they seldom fire or demote poor performers, not necessarily because Government rules truly make it so difficult, but often because of agency cultures that encourage such beliefs and because of the difficulty inherent in confronting another human being whose work has been judged inadequate.

The Merit Systems Protection Board (MSPB or Board) has, over the past 18 years, conducted a number of research studies that looked at various

aspects of employee performance and how supervisors respond when performance is inadequate. We have accumulated information about the quality of workers, the prevalence of performance deficiencies, the methods supervisors use to deal with such deficiencies, and the role that agency management plays in these situations. Our information comes from surveys of Federal employees and supervisors as well as from focus groups composed of supervisors and employee relations specialists who have dealt with poor performers and faced the issues involved. The Central Personnel Data File (CPDF), a Governmentwide data base maintained by the Office of Personnel Management, is our source for statistical data regarding official actions taken in response to poor performance.<sup>1</sup>

A small portion of the statistical material presented in this paper includes references to employees whose problems include misconduct as well as job performance deficiencies. However, the focus of the paper is on employees whose performance is poor and what supervisors do in response to this problem.

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<sup>1</sup> The CPDF figures cited in this paper include all executive branch agencies except the Postal Service, the Postal Rate Commission, the Central Intelligence Agency, the National Security Agency, the Defense Intelligence Agency, National Imagery and Mapping Agency, Tennessee Valley Authority, White House Office, Office of the Vice President, and the Board of Governors of the Federal Reserve. In the legislative branch, only the Government Printing Office, U.S. Tax Court, and selected commissions are included. The judicial branch is entirely excluded.

## Performance Problems in the Federal Workforce

*Despite significant changes in the performance management system, the percentage of employees judged to be poor performers by supervisors and coworkers has remained relatively small for the past decade. However, the effects of poor performance can be magnified and can present the appearance—and sometimes the reality—of a more extensive problem.*

When an employee does not perform adequately, the problem often is amplified because poor performance is not always a private matter that remains just between the inadequate employee and his or her supervisor. Rather, the effects of one person's poor performance can extend to and beyond the

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**T**he effects of one person's poor performance can extend to and beyond the entire work unit.

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entire work unit. A number of individuals within and outside the work unit may be aware of the same individual's performance problem. Such circumstances can lead an observer to believe there are more poor performers than is actually the case. Thus, it is a challenge to determine just how prevalent a particular organization's problem with poor performance really is. Nevertheless, in considering poor performance in terms of whether there are public policies that can improve the situation, it is important to understand as precisely as possible the true extent of the problem.

Unfortunately, there is no single item of data that provides a complete picture of the quality of the Federal workforce or the extent to which incompetence exists in the Federal workplace. Information on how well or poorly Federal employees are doing must come from a variety of sources that should be viewed as parts of a bigger picture.

One piece of the picture comes from official performance ratings (which tend to be very positive). For the fiscal year ending September 30, 1996, less than 1 percent of Federal workers were rated below the fully successful performance level.<sup>2</sup> This would be better news if it were not generally believed that employee performance ratings often

are not a true reflection of employee performance. Thus, to understand the size of the problem at any given time, we need more information.

An important advance in this information comes from the Office of Personnel Management which conducted a study that aimed at establishing more specifically the extent of the Government's employee performance problem. In 1998, OPM researchers interviewed a random sample of Federal supervisors regarding the performance of each of their employees. Analysis of these interviews led OPM to estimate that only 3.7 percent of the Federal workforce are poor performers.<sup>3</sup>

### Employee Views

Results of several MSPB surveys shed additional light on the extent of the Government's problem with employees whose performance is poor. Our last three Merit Principles Surveys included an item

**Table 1. Percentage of all employees who rated workers in their immediate work groups as indicated.**

	1996	1992	1989
Outstanding	16	11	9
Above average	50	44	43
Average	27	34	37
Below average	4	6	7
Poor	2	3	2
Not applicable/no basis to judge	2	2	2

Note: because of rounding, columns may not total 100%  
Source: MSPB Merit Principles Surveys, 1989, 1992, 1996

<sup>2</sup> MSPB calculations based on data from The Fact Book, 1997 Edition, U.S. Office of Personnel Management, p. 56.

<sup>3</sup> U.S. Office of Personnel Management, "Poor Performers in the Government: A Quest for the True Story," Washington, DC, January 1999, p. 9.

that asked Federal workers how they would rate the quality of the other employees in their immediate work groups. The responses to those items depict a workforce with only a small percentage of employees who rate their coworkers as poor performers, while two-thirds rate their colleagues as above average or outstanding. About 9 percent of survey respondents in 1989, 9 percent in 1992, and 6 percent in 1996 rated their coworkers below average or poor, while about 53 percent, 55 percent, and 66 percent, respectively, rated their fellow employees above average or outstanding. Table 1 shows the comparison. These results indicate that while a small percentage of employees see their coworkers as inadequate performers, over the years a growing majority have come to view their fellow workers as better than average.

## Views of Supervisors

Other survey data provide information on how Federal workers are doing from their supervisors' point of view. In the Board's 1994 Survey of Federal Managers and Supervisors, we asked participants whether they had supervised an employee with performance problems since they had become supervisors. Some 78 percent of them answered yes, not particularly surprising, considering that these respondents were reflecting on the entire span of their supervisory careers, and not referring exclusively to their current work situations.

Responses to a question posed in the Board's Merit Principles Surveys bring this picture into sharper focus. We asked supervisors whether, during the previous two years, they had supervised employees with poor performance or misconduct problems. In the 1996 survey, some 41 percent of the supervisors said no. But about half (52 percent) reported that they had supervised workers with performance or a combination of performance and conduct deficiencies in the two years prior to the survey. Table 2 shows how the survey participants responded to this item, and provides a comparison with earlier Merit Principles Surveys. As the table indicates, the

prevalence of performance problems in the Federal workplace has remained fairly steady over a period of several years, a period during which Federal performance management systems have undergone

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The responses depict a workforce with only a small percentage of employees who rate their coworkers as poor performers.

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major changes that include the demise of the Performance Management and Recognition System (PMRS) and the introduction of pass-fail systems in some agencies (permitted by a 1995 change in the performance management regulations). It is interesting to note that whatever the changes that may have occurred in the Government's performance management systems between 1989 and 1996, they did not result in any significant change in the percentage of supervisors who say they have employees with performance problems.

The supervisors who participated in these Merit Principles Surveys also answered the question—cited above—that asked respondents to rate the quality of coworkers in their immediate work unit. These supervisors gave workers in their units even higher ratings than did survey respondents overall. In 1996, for example, nearly 8 out of 10 supervisors who participated in the survey believed the work of their fellow employees was above average or outstanding, and only about 3 percent rated it below average or poor (see table 3).

**Table 2. Responses to the question: "During the past 2 years, have you supervised employees with poor performance or misconduct problems?"**

	Percentage of Supervisors		
	1996	1992	1989
No	41	44	39
Yes, misconduct	7	7	7
Yes, poor performance	30	26	26
Yes, both poor performance and misconduct	22	22	27

Note: because of rounding, columns may not total 100%  
Source: MSPB Merit Principles Surveys, 1989, 1992, 1996

But how do these findings—which seem to suggest a fairly high quality Federal workforce—square with other responses from the same supervisors, half of whom reported having an employee with performance problems in the previous two years? In part, the answer may lie in the fact that an individual's performance level rises and falls depending on a variety of factors, and an employee with specific performance problems is not necessarily a lifelong "problem performer." Thus, supervisors who encounter performance problems and are successful

in helping employees overcome their deficiencies, might well view the overall quality of performance

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Whatever the changes that occurred in the performance management system between 1989 and 1996, they did not result in a change in the percentage of supervisors who have employees with performance problems.

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**Table 3. Percentage of supervisors who rated workers in their immediate work group as indicated.**

	1996	1992	1989
Outstanding	20	14	9
Above average	58	51	52
Average	19	28	33
Below average	2	5	4
Poor	1	1	1
Not applicable/ no basis to judge	< 1	1	1
<small>Note: because of rounding, columns may not total 100% Source: MSPB Merit Principles Surveys, 1989, 1992, 1996</small>			

in their units in a positive light. A supervisor who manages a large number of employees and has only one or two poor performers could also, reasonably, give his or her unit a high rating. Likewise, supervisors who handle inadequate performers by either removing them or encouraging them to transfer, resign, or retire, may well be left with high-performing units that they appropriately consider above average or outstanding. There is, then, nothing inherently inconsistent in supervisors reporting a high quality workforce and at the same time indicating that they have had employees with performance problems.

## What Do Federal Supervisors Do About Problem Performers?

*Contrary to a widely held belief, almost all supervisors take some kind of action in response to poor performance. Most counsel problem employees, many assign low performance ratings, some move to dismiss or demote the unacceptable worker, but very few do nothing at all. Unfortunately, the general perception among Federal employees is that the management response to poor performance is still inadequate.*

From what we know about the extent of poor performance in the Government, it appears that more Federal employees turn in poor work than receive poor performance ratings or removal notices. It is important to note, however, that most employees have periods of greater and lesser pro-

ductivity, and a period of poor performance, while perhaps not deserving of a better than average performance rating, does not necessarily warrant an unsatisfactory overall rating of record or the initiation of formal removal action. Nor do supervisors' acknowledgments that they have

supervised—or currently supervise—poor performers necessarily mean that removal or demotion of the inadequate workers is the appropriate response to the problem.

Supervisors can and do use a range of options to correct performance deficiencies—from better communication of job requirements to on-the-job mentoring to assignment of different duties—without resorting to demoting or firing the prob-

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lem performer. In the Federal Government, supervisors who deal with poor performers choose from among these and other—both formal and informal—options, up to and including removal.

Unfortunately, there are also Federal supervisors who do little or nothing about problem performers, choosing, instead, to look the other way, sometimes letting the better performers pick up the slack, hoping perhaps, that the performance problems will cure themselves or that the inadequate performers will voluntarily leave the unit. This sort of supervisory inaction can create problems far beyond that of a single incompetent worker. It can turn the unit's better performers into overworked, resentful employees who, noticing the absence of penalties for inferior performance, may reduce their own efforts as a result.

Situations like these probably contribute to the strong perception among Federal employees that their agencies do not deal effectively with poor performers. In a survey conducted by the National Partnership for Reinventing Government (with support from MSPB, OPM, and the Federal Aviation Administration), some 44 percent of respondents indicated that they do not believe that corrective actions are taken in their organizations when

employees do not meet performance standards.<sup>4</sup> This perception may also, in part, reflect the fact—noted above—that the effects of poor performance can be felt far beyond the poor performer's immediate work unit. Thus, many employees in a number of work units can become aware of a single poor performer whom management has failed to correct or rehabilitate, and such a situation can contribute to a widespread belief that Federal supervisors do not deal well with performance problems.

As with the issues of workforce quality and the prevalence of poor performance, information about how poor performance is handled comes from a number of different sources that should be considered together to reach a broad understanding of what is really happening to poor performers, and why their supervisors respond to employee performance deficiencies as they do. More specific information about supervisors' formal and informal responses to poor performance is discussed below.

## Formal Actions

The record of formal actions in OPM's Central Personnel Data File is one source of information that contributes to an understanding of what supervisors do when faced with unacceptable employees. There are many actions recorded in the CPDF that we can interpret as formal responses to poor employee performance, the most obvious being separations based on either unacceptable performance or a combination of performance and conduct deficiencies. Denial of within-grade increases and demotions are other formal actions supervisors take in response to poor performance. There are, in addition, voluntary separations in lieu of performance-based removals or demotions; these actions are not taken by supervisors or management, but are directly related to pending management action and do result in employees leaving the jobs in which their performance was deficient. In fiscal year 1997, over 3,550 Federal employees were separated from their jobs for reasons related to unacceptable performance, either directly through removal or indirectly through their own voluntary

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<sup>4</sup> National Partnership for Reinventing Government, Employee Survey Results, December 9, 1998.

actions in lieu of management action.<sup>5</sup> (Some 500 of those separations were for poor performance combined with misconduct.) Nearly 100 were demoted for poor performance, and 1,275 were denied within-grade pay increases because of poor performance.<sup>6</sup>

Survey responses of Federal supervisors shed additional light on the issue of formal actions taken because of poor employee performance. Of the supervisors participating in the Board's 1996 Merit Principles Survey, about 17 percent of those who had supervised problem performers in the preceding two years reported that they had initiated formal action against the employees. About one in three of the respondents who said they supervised a poor performer gave that employee a less than satisfactory performance rating and over 30 percent placed the employee on a performance improvement plan. Participants in this survey could choose as many responses as applied to their situations, and it is not unlikely that some respondents took all three of these actions with regard to a single performance problem.

Table 4 displays the percentages of supervisors who took these various actions and compares their responses with those from earlier surveys. The

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**W**hile formal actions against poor performers are not really rare, informal responses are much more common.

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results show that the percentage of supervisors who reported having taken each of the actions has remained relatively constant over the years. The table also suggests that supervisors are more apt to take formal action against an employee who exhib-

its a combination of performance and conduct deficiencies, rather than purely performance problems.

In the Board's survey of managers and supervisors, conducted in 1994, participants were asked to consider the last time they had a less than fully successful employee and what actions they took to deal with the employee. The results were generally consistent with those from our most recent Merit Principles Survey: some 19 percent of the respondents who supervised a problem performer proposed to remove or removed the unsatisfactory employee; 36 percent placed the employee on a performance improvement plan; and 8 percent denied or delayed a career ladder promotion.

### Informal Actions

While it is clear that formal actions against poor performers are not rare, informal responses are much more common. In fact, the overwhelming majority of supervisors who have problem performers do take some kind of action to resolve the situation, and typically it is an informal action of some sort. For example, as shown in table 4, some 84 percent of supervisors responding to the Board's 1996 Merit Principles Survey said they counseled their poor performers and worked informally with them. More than one in four supervisors reported that they referred the problem performer to a counseling service, an action that has become decidedly more common since our 1992 survey. (This may be a reflection of the increasing availability and visibility of the employee assistance programs now offered in most Federal agencies.) Our findings in these Merit Principles Surveys are mirrored by the results of the Board's 1994 survey of managers and supervisors: some 86 percent of the participants in the 1994 survey reported that one of the actions they took to deal with less than fully successful performance was counseling the problem employee.

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<sup>5</sup> It's important to note that these figures for actions taken in response to poor performance don't include the over 7,900 separations in FY 97 because of conduct, suitability, or other conduct-related deficiencies such as abandonment of position or making false statements on an application. Taken together with separations and removals because of poor performance (including terminations of probationary employees), the number of Federal employees who were fired in fiscal year 1997 was close to 11,500, not an insignificant number by any means.

<sup>6</sup> MSPB calculations based on data from the U.S. Office of Personnel Management's Central Personnel Data File for fiscal year 1997.

**Table 4. Actions taken by supervisors of poorly performing employees.**

Action Taken	Type of Problem Exhibited by Employee					
	1996		1992		1989	
	Poor performance only	Poor performance and misconduct	Poor performance only	Poor performance and misconduct	Poor performance only	Poor performance and misconduct
I counseled the employee and worked with him/her informally	88	87	89	90	90	87
I referred the employee to a counseling service	27	33	12	19	18	39
I gave the employee a less than satisfactory performance rating	33	34	26	25	30	32
I placed the employee on a PIP	31	32	24	24	26	27
I initiated formal action against the employee	17	26	12	21	18	46
I took no action	8	8	3	3	3	5
Note: Survey participants could select as many responses as applied Sources: MSPB Merit Principles surveys, 1996, 1992, and 1989						

Over the years, few supervisors have reported doing nothing at all about their poor performers. In the most recent Merit Principles Survey, however, the percentage of supervisors who said they took no action (8 percent) was more than double what it had been in the previous surveys (3 percent). This is still a very small percentage, and it is too early to tell whether this represents the birth of a trend. However, it is certainly an issue that bears watching, particularly since supervisors' other survey responses suggest that taking no action rarely makes the situation better and, as we have noted, can create a host of other problems in the units in which the poor performance occurs.

### Other Actions and Events

There are also a few types of personnel actions recorded in the Central Personnel Data File that can involve performance problems but might also be based on some other circumstances. These actions are referred to as resignations and retirements in lieu of involuntary actions, nearly 1600 of

which took place in FY 1997.<sup>7</sup> These involuntary actions are distinct from the voluntary separations in lieu of performance-based removals or demotions referred to above. The resignations and retirements at issue involve circumstances such as reduction-in-force and lack of funds, (which are unlikely to be performance-related), but also include unacceptable performance and failure to continue to meet qualification requirements for the position (which do relate to employee performance). Given the available data, however, it is impossible to sort out which or how many such actions might have nothing to do with performance and how many may represent employees' responses to their supervisors informing them that their work was unacceptable.

Nor is it possible to confirm how many of FY 1997's 32,960 resignations during a probationary period—or the 62,626 other resignations that fiscal year—were encouraged by supervisors who chose to take an informal approach to performance problems and managed to persuade inadequate employees to leave their jobs voluntarily. However,

<sup>7</sup> U.S. Office of Personnel Management, Central Personnel Data File, fiscal year 1997.

anecdotal data suggest that some of those who resigned were employees who were not working out in their jobs, and who left (with or without encouragement to do so) because of their performance deficiencies. Many supervisors have a way of communicating—and their problem performers have a way of getting the message—when an employee's voluntary departure is in the best interests of both the employee and the work unit.

Finally, experience suggests that employees who have performance problems often have conduct problems, too. The procedures that are required to remove or demote an employee because of unac-

ceptable performance involve an improvement period, often of several months, as well as a notice period. In addition, the evidence necessary to demonstrate a pattern of unacceptable performance can be extensive. In comparison, the procedures required to remove an employee for misconduct require only a notice period, and may require relatively little documentation. For example, evidence of unapproved absence for a certain period might suffice. Thus, employees who are poor performers may actually be removed based on misconduct reasons rather than unacceptable performance because the procedures for dealing with misconduct take less time.

## Effects of Supervisors' Actions

*Proposals to demote or dismiss problem employees do not always serve as an incentive to better performance, and can have the opposite effect. While such proposals result in the employee improving or leaving in up to half the cases, some employees stay in the job and become even more difficult to manage. Counseling the problem employee or providing an opportunity to improve are more likely to improve the situation than to make it worse.*

What happens when supervisors take various actions in response to inadequate performance? Over the years, the Board has collected survey data that suggest fairly consistent, and somewhat positive, outcomes in response to informal actions such as supervisory counseling of problem performers. Data from Merit Principles Surveys since 1989 indicate that around half of the supervisors who had counseled and worked informally with their unsatisfactory employees said those efforts made things better. Results were not quite as positive for supervisors who referred their employees to counseling services—25 to 30 percent of the supervisors who took this action reported that the situation improved. In addition, a sizable percentage said these informal responses to poor performance made no difference. However, very few supervisors reported that informal counseling or referral to a counseling service made the situation worse. (Table 5 compares the effects of the actions taken by supervisors who responded to the Board's 1989, 1992, and 1996 Merit Principles Surveys.)

The results of these surveys with respect to formal actions were somewhat more negative than for informal actions. In the case of initiating formal action and giving a less than satisfactory rating, more supervisors said that the action made things better than said the action made things worse. However, in our most recent Merit Principles Survey, about one in five supervisors found that these formal actions actually made the situation worse. And, unfortunately, assigning official performance ratings of less than satisfactory or initiating formal action against poor performers was just as likely, if not more likely, to make no difference at all in the situation.

Data from our 1994 Survey of Federal Managers and Supervisors provide another perspective on the effects of supervisors' actions. Table 6 displays these data, showing supervisors' assessment of how their unsatisfactory employees responded when the supervisors proposed adverse action, initiated a performance improvement plan, or conducted informal employee counseling. As with the 1996



**Table 5. Percentage of supervisors who reported the following effects of actions taken in response to poor performance**

Action	Effect											
	Made things better			Made no difference			Made things worse			No basis to judge		
	1996	1992	1989	1996	1992	1989	1996	1992	1989	1996	1992	1989
I counseled the employee and worked with him/her informally	48	53	46	47	40	46	5	4	6	1	2	2
I referred the employee to a counseling service	25	30	27	55	52	57	6	3	10	14	16	7
I gave the employee a less than satisfactory performance rating	28	31	28	50	50	57	19	14	14	4	6	2
I placed the employee on a PIP	45	55	52	40	31	34	9	8	7	5	6	7
I initiated formal action against the employee	37	43	50	38	33	35	22	14	10	3	10	5
I took no action/have not yet decided what to do	7	7	4	57	42	44	10	12	18	27	39	35

Note: Table covers the two years preceding the 1996, 1992, and 1989 Merit Principles Surveys and includes employees exhibiting poor performance and a combination of poor performance and misconduct, but not employees with conduct deficiencies only. Survey participants could select as many responses as applied to their situations.

Source: 1996, 1992, and 1989 MSPB Merit Principles Surveys

Merit Principles Survey results, informal counseling of the employee had a positive effect in the view of nearly half the supervisors responding. Similarly, more than a third of the supervisors who participated in these surveys reported good results with performance improvement plans. However, counseling and proposals to remove the deficient employee resulted in the employee becoming more difficult to manage in one out of four cases. For some supervisors, this could provide another deterrent to taking, or even proposing, formal action against a poor performer.

**Table 6. What were the responses of your most recent less-than-successful employee when you took the indicated action?**

Employees' responses	Supervisors' Actions		
	Proposed to demote or remove employee	Put employee on a PIP	Counseled employee
Improved his or her performance	16	35	46
Became more difficult to manage	25	19	26
Abandoned his or her position	8	4	2
Resigned	17	3	4
Retired	9	3	2
Got a job elsewhere	10	6	4
Requested reassignment	13	8	12

Notes: Figures shown are percentages of supervisors who said that their problem performers responded to supervisors' actions in the manner indicated. Survey participants could select as many responses as applied to their situations.

Source: 1994 MSPB Survey of Federal Managers and Supervisors

## Supervisors' Responses to Poor Performance: Contributing Factors

*Supervisors' decisions about what to do about poor performers are a reflection not only of what the performance management system requires but also of the level of support they get from their organizations' top management and of the attitudes and aptitudes they bring to their supervisory duties.*

Why do supervisors make the choices they do in dealing with poor performers? Why are supervisors more apt to handle inadequate employees using informal solutions rather than formal approaches such as removal or demotion? One answer that is widely promoted is that "the system" makes it

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**T**he formal system to manage performance is only one—and possibly a less important—factor in what supervisors do about poor performers.

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nearly impossible to fire poor performers. However, over the years, MSPB survey research into managers' and supervisors' beliefs about how they and their agencies handle poor performers—as well as the results that supervisors get from the various approaches they take—suggest that the formal system an agency employs to manage performance is only one—and possibly a less important—factor in what supervisors do about poor performers and why they are unlikely to take aggressive, formal action against unacceptable employees. The research suggests three broad categories of influence that motivate—though not necessarily equally—what supervisors do when an employee's work is inadequate. These are: (1) supervisors' attitudes and aptitudes; (2) agency culture and environment; and (3) requirements of the performance management system. Each of these is discussed below.

### Supervisors' Attitudes and Aptitudes

**Lessons learned.** As we have noted, our research suggests that most supervisors do respond when faced with unacceptable performance in their work units. And it stands to reason that their responses are influenced by what they have learned about

what works and what does not work. Not surprisingly, perhaps, MSPB survey results indicate that more supervisors who used informal approaches such as counseling reported success in improving performance than supervisors who proposed formal action such as demotion or removal. As table 6 illustrates, nearly three times as many supervisors reported improved employee performance as a result of counseling as reported improvements following proposals to take adverse action. The threat of adverse consequences did not, in most of these cases, serve as a motivator towards better job performance.

This track record may have some bearing on why supervisors refrain from the more aggressive, formal actions in dealing with inadequate performance. Of course, every case is different and the remedy must fit the circumstances, but some supervisors avoid formal action for the very reason that it does tend to create adversarial situations. And supervisors' and employees' energies spent on developing offensive and defensive postures in such

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**T**he threat of adverse consequences did not, in most cases, serve as a motivator towards better job performance.

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contests is energy that cannot be expended on more constructive attempts to solve the problem. Researchers of the U.S. General Accounting Office found this to be a common belief among managers included in a study of how the Department of Veterans Affairs deals with poor performance and misconduct among senior executives. In that study, GAO found that VA officials rarely made poor or marginal SES performance a matter of record in employee performance appraisals because poor ratings "necessitated formal actions to remedy

performance problems” and VA officials found that those actions “created an adversarial and unproductive relationship between management and the employee” and were “time-consuming and distracting, burdensome, and unlikely to produce a desired result.”<sup>8</sup>

One of the Board’s own reports, published more than 17 years ago, made much the same point, and, interestingly, made it about the private sector. That report (“The Other Side of the Merit Coin: Removals for Incompetence in the Federal Service”) noted that many private sector organizations are reluctant to directly fire employees for inadequate performance. In the opinion of a number of private sector personnel executives interviewed for

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**I**t is not only system structure and requirements, but also the inclinations and abilities of system users that have a bearing on the whether the system works as intended.

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the study, many private organizations prefer an informal approach to dealing with poor performers, often allowing them to resign or negotiating some less overt solution than formal dismissal. Such procedures allow the employee to save face and spare the employer potential unpleasantness such as litigation and disruption of the work group.<sup>9</sup>

Participants in the Board’s 1994 Survey of Federal Managers and Supervisors may well have shared the sentiments of VA management and these private sector executives. When we asked the survey respondents about problems they had experienced in dealing with a deficient performer, “employee’s negative attitude” was cited more often (by 55 percent of respondents) than any other single difficulty that might arise. Similarly, some 45 percent of respondents said that it is difficult or very difficult to supervise the problem performer who is working under a performance improvement plan. While such a plan gives the employee the

opportunity to improve, and appears to be successful in a number of cases, it can be the prelude to performance-based action, and always implies that the performance deficiencies have been officially noted. As the research suggests, many employees do not respond well to such circumstances. And it should not surprise us to find that managers and supervisors resist taking actions that their own experience tells them tend to make the situation worse.

**Reluctance to act.** It is unlikely that negative employee reactions to negative assessments of their performance are exclusively products of the Government’s performance management and appraisal systems. It is not only system structure and requirements but also the inclinations and abilities that system users bring to the situation that have a bearing on whether the system works as intended. Comments from participants in the Board’s 1994 Survey of Federal Managers and Supervisors as well as from supervisory focus group participants support this contention. Many of these supervisors said that their difficulties in dealing with problem employees could not be blamed entirely on the system, and that some blame lies with their own failure to take action. One survey participant captured this perspective:

*To say that the problem rests with the performance management system would be misleading. The best intended system, in order to work, must be put into practice by the people it is intended for.*

We know that many people—supervisors included—are reluctant to confront other people, particularly when there is bad news to convey. One out of five of the supervisors we surveyed in 1994 cited dislike of confrontation as one of the difficulties they had experienced in dealing with an employee performance problem. Some 37 percent of survey participants said it was difficult or very difficult to discuss performance deficiencies with their problem performers. Confronting a problem employee directly can be a very unpleasant experience, and may be particularly tough for the supervi-

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<sup>8</sup> U.S. General Accounting Office, “VHA’s Handling of Performance and Conduct Issues,” Washington, DC, April 1998, pp. 33-34.

<sup>9</sup> U.S. Merit Systems Protection Board, “The Other Side of the Merit Coin: Removals for Incompetence in the Federal Service,” Washington, DC, February 1982, pp. 7-8.

sor when the employee's performance is borderline—not truly adequate, not totally inadequate. Taking adverse action in these circumstances can be devastating for some supervisors, as this survey respondent eloquently conveyed:

*Adverse actions take a toll on the supervisor carrying out the action. I have removed from Government service three employees during my 30 years as a supervisor. Two were easy on me emotionally because they truly were very poor employees. The third was not as clear cut, as he should never have been reassigned to the position in which I supervised him. . . He had 20 years of service, a wife and kids the same age as mine, and I did not like playing God with this man's life. I was stuck; higher ups did not help me relocate him into a job he could do . . . [They had] no compassion for him or me . . . and we both suffered. He lost his job and for a time I drank a little too much. Too often the one person carrying out the adverse action takes all the emotional pressure and that's why so many supervisors let poor performance slip by when it is "marginally poor" versus "grossly poor."*

It is clear that it takes a healthy resolve to confront an employee whose personal conduct may well be above reproach, whose attendance is fine, who is responsible, punctual, willing, and well-liked, but who nevertheless is incapable of doing the job adequately. Ideally, the supervisor who takes on such a situation will have the psychic resources to be unequivocally honest and the tact and finesse to avoid making an enemy of the poor performer. Understandably, it is a struggle for managers and supervisors to meet that ideal, and can be even more difficult if the support of agency leaders is absent.

## Agency Actions and Culture

**Lack of management support.** Performance-based actions are not taken by first-line supervisors unilaterally. In the case of informal actions such as attempts to reassign a poor performer to a position to which he or she is better suited, agency management is often needed to facilitate such moves. The

role of higher level management is equally critical in the case of formal actions. Although recommending or taking action is the responsibility of the immediate supervisor, deciding and implementing the action involves other staff and offices. Advance approval from a higher level supervisor is almost always required, and the attitude and support of upper-level management have a significant influence on whether formal action is initiated and successfully carried out.

However, there is evidence, obtained from MSPB survey results, that suggests that agencies do not always provide supervisors the support they believe they need in dealing with inadequate employees. An item on the Board's 1996 Merit Principles Survey asked supervisors who had employees against whom they had not taken a warranted formal action (conduct or performance-based) to rate the extent to which various factors affected that decision not to act. Some 62 percent of the supervisors said that to a moderate or great extent their decisions were influenced by concern that

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**M**ore than one in four supervisors cited insufficient support from higher levels as a reason for their difficulties in dealing with an unsatisfactory performer.

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upper level management would not support their actions. In our 1994 Survey of Federal Managers and Supervisors, more than one in four supervisors (26 percent) cited insufficient support from higher level supervisors/managers as a reason for their difficulties in dealing with an unsatisfactory performer.

And this is not a new problem. Earlier Board research found that when informal measures failed, and formal action became appropriate, management support was an important issue. In responding to a 1986 Merit Principles Survey, half the supervisors with employees whose performance was deficient identified lack of support from higher management as an obstacle to taking formal action.<sup>10</sup>

<sup>10</sup> U.S. Merit Systems Protection Board, "Federal Personnel Policies and Practices: Perspectives from the Workplace," Washington, DC, December 1987, p. 11.

More recent comments from focus group members and survey participants confirm that there are occasions when upper management withholds support for a frontline supervisor's proposed action, and sometimes for reasons that mirror supervisors' own reluctance to act. One survey respondent put it this way:

*On the one occasion that I found it necessary to dismiss a poor performer, the decision was reversed by my second-line supervisor. I believe the real reason this supervisor did not support the decision to terminate was that he had not come to terms emotionally with firing an employee.*

We should note that upper management's unwillingness to endorse a supervisor's proposed action against a poor performer may be grounded in the conclusion that the action is not fair or otherwise appropriate. Surely, some supervisors may lose objectivity when dealing with certain employees, and agency managers have an obligation to temper the actions of these supervisors with a reasoned and disinterested review of the case. Nevertheless, the data we have collected, along with the comments volunteered by survey and focus group participants, strongly suggest that inadequate upper-level management support of supervisors who are trying to deal effectively with poor performers is a valid issue, and one that needs the attention of agency leaders.

**Supervisory selection and training.** Among the factors under agencies' control that affect the way poor performers are handled is the manner in which supervisors—who are on the front line of performance management—are selected and trained. The tasks that fall to supervisors require much more than the technical expertise that agencies typically look for in candidates for supervisory positions. As we have observed, supervisors often need special strengths, particularly in communications and human relations, in order to deal candidly and effectively with unacceptable employees.

However, many organizations assign employees to supervisory jobs without sufficient regard for the

aptitude they may or may not have for such work. The Board has noted this problem and described it in a number of published reports over the years, but it bears repeating. In a 1989 study on supervisory selection processes, the Board found that most Federal agencies use the same general approach for evaluating candidates for both supervisory and nonsupervisory positions. A recommendation coming out of that study urged agencies to scrutinize their procedures in order to improve supervisory selections.<sup>11</sup> A follow-up report in 1992 continued to urge agencies to reexamine their

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The quality of interpersonal skills as well as technical skills has a large impact on working relationships.

Union Representative  
1998 MSPB Partnership Survey

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selection procedures and to do a better job of assessing the degree to which candidates for supervisory jobs possess those particular qualities that are important to supervisory effectiveness but separate from technical skill in the work of the unit.<sup>12</sup>

In a 1995 report on sexual harassment, the Board said that the Government must ensure that supervisors are prepared to deal with sensitive issues, noting that management should not be surprised to encounter people-problems in the workplace if they assign to supervisory jobs employees whose ability to manage a staff is questionable. That report, too, advised agencies to focus on making better selections for supervisory positions.<sup>13</sup> Again, in 1998, the Board's "Perspectives" report on supervisors and strategic HRM observed that hiring the right people for supervisory jobs means that agencies must ensure that supervisory selection systems focus on critical supervisory skills and abilities to the same degree that they focus on technical expertise.<sup>14</sup> Further, the importance of specific supervisory skills does not go unnoticed by Federal unions. One union representative who volunteered

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<sup>11</sup> U.S. Merit Systems Protection Board, "First-line Supervisory Selection in the Federal Government," Washington, DC, June 1989, pp. 16-17.

<sup>12</sup> U.S. Merit Systems Protection Board, "Federal First-Line Supervisors: How Good Are They?," Washington, DC, March 1992, pp. 29-31.

<sup>13</sup> U.S. Merit Systems Protection Board, "Sexual Harassment in the Federal Workplace: Trends, Progress, Continuing Challenges," Washington, DC, October 1995, pp. 39-40.

<sup>14</sup> U.S. Merit Systems Protection Board, "Federal Supervisors and Strategic Human Resources Management," Washington, DC, June 1998, p. 12.

written comments in responding to 1998 MSPB survey on labor management partnerships observed that "the quality of interpersonal skills as well as technical skills has a large impact on working relationships," but that standards to which supervisors are held are minimal relative to the responsibilities they hold.<sup>15</sup>

A related factor that can influence how workplace incompetence is handled is how well agencies prepare their supervisors to deal with performance issues. The amount and quality of supervisory training that agencies provide or require can be an

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Unwritten and unspoken rules translate into incentives and disincentives that affect how supervisors deal with problem performers.

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indication of how important the agencies consider those special tasks that fall to supervisors outside of their technical duties. And if agencies are paying insufficient attention to selecting supervisors with the right qualities, then training supervisors—especially the new ones—may be of at least some help in assuring the existence of critical supervisory skills in the work unit. However, we know from responses of survey participants that supervisors do not always feel they have enough training. One supervisor quoted in the Board's report on supervisors and strategic HRM noted:

*Many good professionals are turned off very early in their careers because of adverse employee situations they are forced to deal with, without training.*<sup>16</sup>

Results of the Board's 1994 Survey of Federal Managers and Supervisors tend to support the legitimacy of such complaints. That survey revealed that overall, more than one out of five supervisors (21 percent) who had trouble handling an inadequate employee attributed those difficulties

to lack of training in how to deal with a poor performer. As expected, the problem is most acute among new supervisors (those with less than a year's experience), 57 percent of whom identified lack of training as a reason for their difficulties in dealing with performance problems.

Note, though, that the issue here may not be so much procedural training as it is fostering a sensitivity to and appreciation for the finer points of communication and trust-building. Offices of general counsel and human resources are available to walk supervisors through the procedural steps they must take to act against a poor performer once the decision to act has been made. But it is reaching that decision or finding ways to improve employee performance and thus avoid formal action that many supervisors need help with. As one personnel staff representative in our focus groups pointed out, supervisors really require training on how to build a positive working environment where trustful dialogue can occur. Training in coaching and counseling, and the communications skills to build this positive working environment, are genuinely needed.

**Organizational incentives and disincentives.** In previous MSPB research we have observed that agency cultures have a powerful effect on how supervisors choose to deal with inadequate employees. Unwritten and perhaps unspoken rules translate into incentives and disincentives that affect how supervisors deal with problem performers. For example, in some agency cultures first-line supervisors may sense disapproval of their own performance or doubts about their own ability to supervise when they bring employee deficiencies to the attention of higher level management. Where this happens, supervisors come to understand that it may be a better career move to hide or ignore employee incompetence than to bring it to light. In such cases, supervisors may find ways to deal with performance problems that never include taking formal action, even when it is well-deserved. By adopting such non-solutions, supervisors spare

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<sup>15</sup> Results of MSPB panel survey on labor-management partnerships, 1998. To relatively quickly learn more about how changes in human resources management affect Federal agencies, the Board has established informal standing panels of Federal supervisors and managers, HRM specialists, and union representatives. These informal panels—which are not statistically representative of the respective population of managers, HR specialists, and unions representatives—are periodically surveyed on specific human resources management issues, usually through short, mailed questionnaires. The results referred to here are from one of those questionnaires.

<sup>16</sup> Op. cit., "Federal Supervisors and Strategic Human Resources Management," p. 8.

themselves the immediate pain of confrontation and avoid what they fear might be higher-level management's negative judgment about their ability to handle their unit's employees. Agencies that foster such beliefs and behaviors are not ones in which supervisors are likely to take aggressive action against unsatisfactory employees.

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Supervisors learn quickly when agency management would rather bury performance problems than take adverse actions that poor performers might challenge.

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In some agencies, disincentives include the demand for formidable documentation of employee performance deficiencies and the fear that formal actions taken against poor performers might be challenged. The Board's Perspectives report on supervisors and strategic HRM noted that "for many supervisors . . . removing a poor performer can mean disincentives in the form of time-consuming documentation . . . or a lack of support for those actions by higher level management . . . [S]upervisors learn quickly when their agency management would rather bury performance problems than take adverse actions that the poor performers might challenge."<sup>17</sup>

In the Board's 1998 report on our most recent Merit Principles Survey, agency environment was again cited as an important factor in why supervisors deal with poor performers as they do. In that report the Board concluded that too often it has been easier for managers and supervisors to simply ignore problem performers or pass them off to other organizations than to confront them about their deficiencies. To remedy this situation, the Board observed, Federal policymakers must identify ways to change organizational culture to make it unacceptable for supervisors to ignore poor performance in this manner. Further, agencies must persuade supervisors that taking actions against problem employees is a key aspect of their jobs, and that such actions will be supported by agency management.<sup>18</sup>

Indeed, agency leaders must play a key role in getting their supervisors to more readily accept their function as performance managers. It is important to note that dealing with poor performers is a problem in the private sector, too. Statutes and union agreements provide employment protections for many workers in business and industry, and supervisors have to deal with company procedures when they want to remove unsatisfactory workers. But with a profit incentive to motivate them, reluctant supervisors sometimes have an external impetus to dismiss employees who are not contributing to the bottom line. Some may have no choice but to fire unsatisfactory performers—or they risk going out of business. In the Federal environment, supervisors rarely have such a stimulus to act. Therefore, agency leaders, by using whatever incentives and disincentives fit the situation, must find ways to create for their supervisors the motivation that may come more naturally in private enterprises.

These cultural changes are, of course, never easy to make. Agency customs become ingrained over years; undoing the damage may also take years. It could be difficult to determine precisely what the cultural and environmental problems are. It might

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Cultural changes are bound to be complicated to achieve, requiring multiple initiatives undertaken by multiple stakeholders.

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be necessary for agencies to ask their supervisors to identify the practices that create disincentives to good performance management.

And cultural changes are bound to be complicated to achieve, requiring, most likely, multiple initiatives undertaken by multiple stakeholders. Changing an agency's customs for dealing with performance issues may need to be supported by training supervisors in counseling and confronting poor performers, rewarding supervisors who manage performance well, creating sanctions against supervisors who fail to take formal action when it is

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<sup>17</sup> Ibid., pp. 6-7.

<sup>18</sup> U.S. Merit Systems Protection Board, "The Changing Federal Workplace: Employee Perspectives," Washington, DC, June 1998, pp. 39-40.

appropriate, developing better systems for reassigning poor performers to jobs where they are more likely to succeed, and other approaches devised to fit the agency's individual culture.

## System Requirements

As we have noted, the legal and regulatory system the Federal Government uses to manage employee performance and address performance deficiencies does not stand alone in influencing supervisors' responses to poor performers. But the system does exercise plenty of influence. MSPB survey results provide evidence that many supervisors have little faith in their agency's performance management system and that this affects what they do about unsatisfactory employees. In response to an item on the Board's 1994 Survey of Federal Managers and Supervisors, more than one out of three

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**M**any of the problems that supervisors have in dealing with poor performers exist independent of the specific procedures used to take action.

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participants (34 percent) identified "lack of confidence in the system" as a reason for difficulties they had experienced in dealing with an employee with performance problems.

The Government's legal and regulatory system for taking actions against unsatisfactory employees actually encompasses two different approaches, both of which are available to supervisors contemplating firing or demoting employees whose performance is unacceptable. The Civil Service Reform Act of 1978 created procedures—known as Chapter 43 procedures for their placement in title 5 of the U.S. Code—that could be used in place of the procedures of Chapter 75 which, until that time, had been used to remove poor performers (and are still used for removals based on conduct, performance, or both).

Congress's intent in introducing the Chapter 43 procedures was to make it easier to fire unsatisfactory performers by requiring a lesser standard of proof than is the case using the existing Chapter 75 procedures (i.e., substantial evidence versus a preponderance of the evidence). Along with that change, however, came a new set of regulations, a new appellate process, and an array of procedures and requirements (such as critical job elements and standards, discussed below), all of which, in practice, may have more than offset the easing of the burden of proof—and none of which have been acclaimed by Federal supervisors for making it any easier to manage employee performance.

In fact, participants in the Board's 1994 supervisory survey did not distinguish between the two approaches—Chapter 43 and Chapter 75—when responding to the item (cited above) about difficulties they had experienced in dealing with problem performers. Some 40 percent of supervisors who participated in that survey indicated that they were not familiar with the differences between the two sets of procedures. And many of the problems that supervisors have in dealing with poor performers exist independent of the specific procedures used to take action. The types of problems previously discussed such as reluctance to confront employees about their inadequacies, lack of supervisory training, and agency cultures that discourage actions against poor performers all play roles that do not hinge upon the chapter of the law that ultimately is used to deal with inadequate performance.

Then what is it about the performance system—or about the procedures for taking action—that has created such misgivings among Federal supervisors and managers? Below we discuss a few of the issues that have emerged as reasons for supervisors' problems with the system.

**Time and effort.** Of all the system-related issues that affect the Government's management of poor performers, the perceived time and effort needed to see formal actions through to completion appear to exercise the most influence, no matter which set of procedures is used. Of the 28 percent of supervisors who said they had avoided taking a warranted



adverse action (performance or conduct-based), 66 percent said that concern about the time needed was a factor in their decision not to act.<sup>19</sup> Of the

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The time and effort needed to see formal actions through to completion exercise the most influence, no matter what set of procedures is used.

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1994 survey respondents who had experienced difficulties in dealing with poor performers, one out of three identified insufficient time to devote to the problem as a reason for the difficulty.<sup>20</sup>

This can be time that is devoted not only to counseling employees and providing remedial training, but also to making a record of the level of performance and the nature of the deficiencies, as well as documenting the results of counseling and training. It can also involve time spent on developing and/or revising performance elements and standards, and writing explanations for why an employee's performance of those elements does not meet minimum standards. More than one out of four of the 1994 supervisory survey participants (28 percent) said that the process of developing performance plans was too time-consuming, and affected their ability to meet day-to-day responsibilities. (Performance plans, including a description of job elements and performance standards, are legal and regulatory requirements and are used in Chapter 43 procedures for removing or demoting an employee.) Some 42 percent of the respondents said that it was difficult to document employee performance, and 54 percent found it difficult to defend the decision to demote or remove a poor performer.<sup>21</sup>

One survey participant described the situation this way:

*Presently, we are required to amass volumes of written evidence of non-performance in order to*

*downgrade or fire someone . . . The burden on supervisors to document poor performance is great.*

Whether all of this documentation is necessary is open to debate. Surely, it seems to be the rule, not the exception, for supervisors to observe the popular adage, "document, document, document," rather than to selectively collect evidence supporting their proposed action. Once supervisors have made the difficult decision to fire a poor performer and have obtained their agency's approval to proceed, they certainly don't want to fail in the attempt at removal because they were missing some documents that a third-party reviewer might find necessary to prove the case. Hence, they gather more, rather than less, paper "just in case."

Supervisors who amass this amount of evidence sometimes forget that most employees whose removal or demotion is proposed do not challenge management's action, do not appeal to the MSPB,

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Supervisors who amass this amount of evidence sometimes forget that most employees whose removal is proposed do not challenge management's action.

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the EEOC, or other third parties. Further, the requirement for this level of documentation of poor performance is not found in the statute. And MSPB case law holds that the documents comprising sufficient evidence to remove a poor performer do not have to be extensive. For example, testimony of knowledgeable supervisors, or affidavits in place of original evidence, may be enough to demonstrate unacceptable performance—even without producing substandard work products to prove the case.<sup>22</sup>

Nevertheless, supervisors' and agencies' belief in the system's extreme demands on their time and its requirement for enormous amounts of documenta-

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<sup>19</sup> 1996 Merit Principles Survey data

<sup>20</sup> 1994 MSPB Survey of Federal Managers and Supervisors

<sup>21</sup> Ibid.

<sup>22</sup> See *Luscri v. Department of the Army*, 32 MSPR 623 (1987), citing *DePauw v. International Trade Commission*, 782 F.2d 1564 (Fed. Cir. 1986); *Chaggarris v. GSA*, 49 MSPR 249 (1991); and *Wallace v. Department of the Air Force*, 879 F.2d 829, 883 (Fed. Cir. 1989).

tion is currently the conventional wisdom, and this belief alone can be enough to prevent supervisors and their agencies from undertaking the removal or demotion of unacceptable employees. Further, if the supervisor works in an agency in which his or her technical duties are likely to take precedence over strictly supervisory duties, then the agency culture may be encouraging the belief that time spent on counseling, training, documenting performance, etc., is an undue burden, since these may not be seen as being among the supervisor's most critical tasks.

**Elements and standards.** As we have noted, the development of performance plans is one of the tasks that supervisors find time-consuming and

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**A**t the heart of the difficulty may be the fact that the construction of performance plans often implies the application of an objective process to a subjective phenomenon.

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difficult. Although it was the intention of the Civil Service Reform Act of 1978 to make it easier to remove poor performers, the procedures it created to help supervisors—including establishing job elements and standards—may be the very ones that deter supervisors from making the effort to fire unacceptable employees. Most supervisors (73 percent) who participated in the Board's 1994 supervisory survey had personally developed job elements and performance standards for their employees. Of this group, almost half (46 percent) found it generally easy to identify job elements, but a sizable minority (21 percent) found it difficult. In addition, nearly one out of three (32 percent) found it difficult to relate performance deficiencies to the employee's critical job elements.

Nor does it seem to be any easier for supervisors to create performance standards that are reasonable and understandable to the employee, and that permit the employee's performance to be measured (all of which are requirements for performance standards). Some 44 percent of the surveyed supervisors found it difficult to identify job-related performance standards, and 62 percent said it was difficult to describe performance standards in objective terms that would accurately measure employee performance. Performance that can be judged using numeric standards might be an exception to such difficulties, but there are countless jobs in the Federal Government—research scientists, engineers, park rangers, librarians, auditors, law enforcement agents, physicians, and many more—for which numeric standards are simply not applicable or appropriate. Standards for these types of occupations are usually described in narrative or descriptive forms that are open to subjective interpretation, raising concerns about inconsistent or biased application.

The supervisors we surveyed had a number of ideas about why developing performance plans is a difficult job, including lack of training, poor guidance from their agencies, and lack of employee involvement in the process. But the reason indicated by the largest percentage of respondents (47

**Table 7. Supervisors' reasons for difficulties in developing employees' performance plans**

Different levels of performance can't be clearly defined	47
Unclear agency guidance	30
Lack of training in how to develop performance plans	29
The process is too time-consuming, which affects my ability to meet my day-to-day responsibilities	28
Jobs in my unit have too many requirements	22
Agency's goals and objectives are too broad to relate to individual standards	20
Employees' lack of involvement, even when asked	19
Don't see the link between performance plans and getting the job done	14
Have not experienced any difficulties	25

Note: Figures show percentage of supervisors who identified each item as a reason for their difficulty in developing performance plans. Respondents could select as many reasons as applied to their situations.  
Source: 1994 MSPB Survey of Federal Managers and Supervisors

**Table 8. Which performance management system changes do supervisors believe would help their agencies accomplish their missions?**

	Yes/ Maybe	No	Don't know/ no opinion
Reducing rating levels to two levels (pass/fail)	66	28	6
Not using performance ratings as the basis for cash awards	55	37	8
Dropping the requirement to have performance standards	42	50	9
Eliminating the requirement for a performance improvement plan	37	43	21
Not using performance ratings as a basis for promotion	37	54	9
Reducing advance notice from 30 to 15 days	35	40	26
Not using performance ratings in reduction-in-force	35	38	16

Note: Figures indicate percentage of supervisors who selected each response.

Source: 1994 MSPB Survey of Federal Managers and Supervisors

percent) was that different levels of performance cannot be clearly defined. (See table 7.) Thus, at the heart of the difficulty may be the fact that the construction of performance plans with elements, standards, level descriptions, etc., often implies the application of an objective process to a subjective phenomenon. And subjectivity is something with which many people are not comfortable. Although MSPB and the courts have consistently held the view that some subjectivity in standards is acceptable, supervisors still find it difficult to describe what is a reasonable standard and determine how much subjectivity is acceptable. As this survey respondent observed:

*The people who know what good performance standards are in theory have great difficulty applying that theory to complex technical or professional functions. The theory that good performance standards should meet a test (i.e., objective and quantifiable) is flawless. In practice, however, it is nearly impossible for the supervisor to meet. As a practical matter, it is simply not done.*

To the degree that other supervisors share this point of view, they will continue to use standards that are at least somewhat subjective, and they will continue to be apprehensive about using those standards as a basis for removal or demotion.

**Opportunity period.** Another aspect of the system that presents a problem for supervisors who would use Chapter 43 procedures to act against a poor performer is the law's requirement that the

deficient employee be given a chance to demonstrate an acceptable level of performance. Of our 1994 supervisory survey respondents who had employees with performance problems, 43 percent found it difficult to develop a performance improvement plan, and 45 percent found it difficult to supervise the employee subject to such a plan. It is not a requirement of the law that a formal improvement plan be written, and there is no minimum time period that the law requires the employee be allowed in order to demonstrate acceptable work. However, some agencies have imposed their own requirements in these situations, and have institutionalized time frames and formats that must be used if a supervisor wants to remove a poor performer.

Also, as we have discussed earlier in this paper, placing an employee on a formal performance improvement plan makes it official that he or she is deficient, and can provoke the employee into becoming resentful and unreceptive to the assistance that is offered. Thus, while the opportunity period can be useful and productive, it can have drawbacks that make its use in certain situations somewhat problematic.

**Other system elements.** There are other aspects of the Government's performance system that supervisors apparently have doubts about or would like to see revised. The Board's 1994 survey identified a number of system changes that significant percentages of supervisors believe would improve their situations.<sup>23</sup> (See table 8.) Whether such changes

<sup>23</sup> 1994 MSPB Survey of Federal Managers and Supervisors

would actually contribute to agencies' mission accomplishment is not clear. For example, the two-level rating system (the most popular change among survey participants), has been permitted since 1995, and the change to this pass/fail approach actually has been made in a small number of agencies. However, the results are mixed, with some agencies satisfied and some unhappy with a two-level appraisal. Some of the other changes supported by sizable minorities of respondents would most likely

lighten the supervisory workload (e.g., dropping the requirement for performance standards and doing away with improvement plans), but might or might not have a positive effect on mission accomplishment. Again, in agencies whose culture holds that these sorts of supervisory duties are less important than technical work, supervisors might continue to see such duties as time wasters, rather than critical aspects of their jobs.

## Summary and Conclusions

In deciding what needs to be done to help Federal supervisors deal with poor performers, it is helpful to understand just how serious the employee performance problem is, where the real difficulties lie in handling poor performers, and which problems are, as a practical matter, susceptible to resolution. Such information can assist policymakers and agency leaders in balancing the severity of the problem against the level of resources to be devoted to solving it.

Available evidence tells us that while there are undoubtedly Federal employees whose performance merits dismissal, the vast majority of workers are doing a good job. Further, rather than ignoring poor performance, most Federal supervi-

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**I**n the interest of preserving productivity and morale, supervisors need to do something about poor performance not only when it is so bad that it merits dismissal, but also when it is merely borderline.

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sors who face this problem do take some type of action to deal with it. What they do not do in any great numbers, is take formal actions such as proposing to remove unacceptable employees, demoting them, or withholding within-grade pay raises.

Unfortunately, we also know that there is a widely-held perception among Federal employees, and even Federal managers, that whatever is being done to deal with the small percentage of poorly performing Federal employees, it is not sufficient. In the Board's 1996 Federal employees' survey, for example, close to half (44 percent) of the respondents said their agencies do a poor job of correcting inadequate performance, and over half (51 percent) said their agencies do not fire people who cannot or will not improve their performance.

Even a small number of poor performers, if not dealt with effectively, can have a negative impact much larger than their actual numbers would suggest. In large part, this is due to the effect that unchecked poor performance can have on the morale and motivation of other employees. Fortunately, most supervisors with problem performers take informal actions such as conducting counseling sessions with the unsatisfactory employees. Survey results suggest that this may be the most practical of the various alternatives open to supervisors. More supervisors who used informal approaches such as counseling reported success in improving performance than supervisors who used formal actions such as performance improvement plans, unsatisfactory ratings, or proposals to demote or remove an employee. Supervisors' informal measures also include encouraging poor performers to voluntarily leave the jobs in which they have failed—to resign,

retire, or find work elsewhere—and this approach has also proven useful.

Thus, while supervisors do attend to poor performers, firing them is almost never the supervisor's first choice. Other attempts to find resolution of performance problems usually do and should come first, even if those attempts are not highly visible to other employees. There are benefits to be gained for both the employee and the organization if formal dismissal is avoided. The employee either improves or leaves without a stigma attached to the departure, and the agency need not worry about employee challenges to adverse actions and management's time consumed in the dismissal process. Thus, supervisors—appropriately we believe—take adverse actions only as a last resort. There is little sense in firing an employee who can be rehabilitated with reasonable effort or can find (or be helped to find) work more suitable to his or her abilities.

When stronger action is necessary but is not taken, there are a number of contributing factors. While it is popular to blame failures in performance management primarily on the government's system for dealing with poor performers, the problem actually is much more complicated than that. If it were only legal and regulatory procedures that accounted for success or failure, then the system changes wrought by the Civil Service Reform Act (which at this point have had 20 years to succeed), and subsequent system revisions and refinements, would likely have resulted in more dismissals for incompetence and fewer complaints about the system than we hear today.

When employee performance is deficient, and supervisors do not act, their qualms can sometimes be traced to the characteristics they bring (or do not bring) to the job, and to the ways they are selected and trained. Some supervisors do not have (or cannot develop) the psychic resources for the tougher human relations aspects of supervision, and are unable to confront poor performers. And their reluctance to face employees with bad news or unpopular decisions applies not only when an employee's performance is so bad that he or she deserves to be fired, but also when the problem

involves borderline performance. In the interest of preserving productivity and morale in the work unit, however, supervisors need to do something about the problem in both situations. What they can do ranges from simply letting the employee know that there is a problem to assigning below-par performance ratings to proposing a demotion or removal. But ignoring the problem should not be one of the alternatives.

Some of the blame for supervisors' failure to act in these situations lies with agencies that do not place sufficient importance on the special characteristics people need to be able to supervise well and on the methods used to recruit and assign people to supervisory jobs. In these organizations people are selected for supervisory jobs without regard to the aptitude they may or may not have for such work.

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**I**gnoring the problem should not be an alternative.

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Such agencies are as likely as not to have cultures in which supervisors are not held strictly responsible for dealing effectively with poor performers because supervisory functions are not readily viewed as critical aspects of the job. These agencies may regard the removal of poor performers as not worth the effort, and may give tacit approval to moving unacceptable workers from unit to unit, counting on the better performers to bring productivity up to necessary levels. Such organizations also may give little support to the supervisor who does want to remove an employee whose work is unacceptable.

The performance management system itself, or at least the manner in which it is applied in Federal agencies, also can serve as a deterrent to forceful action against unsatisfactory performers. Requirements for documentation can seem overwhelming. System elements that exist to provide employee due process are viewed by some supervisors as burdensome. The possibility of employee challenges to formal actions can be intimidating. These concerns

can be particularly acute in a supervisory corps that is not trained well in supervisory tasks and functions—and even more so where agency cultures permit supervisors to view management of performance problems as time-consuming detours from their regular work, rather than as an intrinsic and essential part of the job.

## Recommendations

One would be hard-pressed to find a Federal personnel problem more riddled with difficult human relations and technical issues than that of dealing with poor performers. It is a sensitive and complicated problem that does not have a single easy answer. Clearly, there is no magic performance appraisal form or process that will give the less forceful supervisors the resolve they need to confront troublesome employees. If new laws or regulations were the answer, the Civil Service Reform Act and subsequent regulatory changes would have had greater impact. There simply are not other versions of the performance management system that will remove the discomfort from inherently uncomfortable situations or will suddenly create environments in which firing or demoting unsatisfactory performers becomes the norm when rehabilitation fails. But there are ideas agency leaders can pursue and actions they can take that could, over time, lead to better handling—or better yet, prevention—of performance problems. Here are some specific suggestions for agency leaders:

### **1. Agencies need to do a better job of hiring people for supervisory jobs who have an aptitude for the human relations aspects of supervisory work.**

This seems self-evident, and many agency selecting officials undoubtedly believe they are already doing this. But choosing the right supervisors cannot really be done without accurately identifying the special aptitudes needed, and devising recruitment, examination, and selection methods specifically with those special characteristics in mind. This process should also make it easier to identify the kinds of training that individuals need to perform

supervisory activities well. In order to achieve these objectives, agencies need to deploy adequate human and financial resources to the task, and should evaluate continuously their supervisory placements and the effects and effectiveness of supervisory training. In short, the Government needs to do a more rigorous job of screening candidates for supervisory jobs to ensure they have the capability to be good supervisors and managers.

### **2. Agency leaders should assess the organization's internal environment to make sure that they have not inadvertently created incentives and disincentives that result in poor performance being tolerated by supervisors.**

Do supervisors' own performance appraisals reflect accurately how they handle performance problems? Do supervisors face negative consequences for ignoring poor performance? Are supervisors given support in dealing with unacceptable employees; for example, does agency management actively encourage supervisors to take appropriate action? Are supervisors offered assistance with outplacement or reassignment of poor performers? Do supervisors believe that upper level management will help see them through a removal or demotion action that may be time-consuming and frustrating for all concerned? Is it commonly believed that the interpersonal communications aspects of supervisory work are a distraction from the "real" (technical) duties of supervisors in the agency? Or are supervisors rewarded for excellence in their people-management skills? Has agency management created incentives for supervisors who do—and penalties for supervisors who do not—effectively manage employee performance?

### **3. Agencies should not embellish the systems and procedures the law requires in ways that make it more burdensome to take action against poor performers.**

There are aspects of the Government's performance management system that reflect the employee protections inherent in the merit system. System features such as due process and evidentiary rules are unavoidable. But in going beyond what is required by law, regulation, and the refinements of

case law, agencies can create barriers that deter supervisors from handling poor performance effectively and that detract from, rather than aid, the functioning of the system. Managers and supervisors should be assured ready access to practical help in managing performance, but that help should not take the form of excessive requirements. Agencies should examine the specifics in their internal processes and procedures that might make managing poor performers more difficult, and should look for places to expedite the process.

**4. In partnership with their employees, agencies should develop innovations or modifications to current procedures to avoid more costly, time-consuming, and potentially disruptive formal actions.**

It stands to reason that all employees have an important stake in ensuring that performance problems are resolved. An employee whose performance is unacceptable can be a problem not only for management, but also for other employees in the work unit and even beyond the immediate unit. That being the case, agencies should consider inviting the participation of unions and other employee and management organizations in identifying agency-specific processes or procedures that can resolve employee performance problems at the earliest possible moment. Agencies should explore approaches that preserve amicable relationships between management and problem employees, and that use techniques such as alternative dispute resolution to arrive at win-win solutions. Expan-

sion of the tools and techniques available for this purpose should be a major objective.

**5. In order to prevent or minimize performance problems, agencies should examine the methods they are using to select nonsupervisory employees and the degree to which those methods result in good matches of people and jobs.**

Poor performance is a problem in which poor selection methods are complicit. Poor performance is not always solely the fault of the inadequate performer; it may involve selecting officials who are not making good selections or who put people in jobs that are wrong for them. Poor performance also may be the result of the methods used to recruit, examine, and select candidates. Agencies need to seriously examine the way they assign people to jobs. They need to devote resources to finding ways to assess job candidates that permit a good fit between worker and work; they need to evaluate how well they accomplish these tasks; and they need to adjust their methods accordingly. This is a long term approach to a problem that, when it occurs, creates the desire for an immediate solution. But with poor performance, the solution is rarely immediate anyway. An investment in the "ounce of prevention" will more than pay for itself in avoiding the costs associated with firing or tolerating unacceptable employees. And it also can help agencies avoid the poor job matches that produce those borderline employees who do not contribute much to the organization but are not candidates for dismissal.